The KSA Perspective

Apparel & Footwear Profiles for 1990

Apparel group as a whole survived 2nd half recession in 1990, although 27 of 45 firms had profit declines

Public apparel companies fared somewhat better than expected in fiscal 1990, considering the recessionary economy, a soporific soft goods climate, and continuing disarray in retailing.

Together, the 45 firms in this year's Profile managed a 6.5% gain in sales over 1989, with a total volume of $15.4 billion. While this marked a slowdown from the double-digit annual increases of 1986-1989, it was still better than 1982. That recession year's Profile showed no sales increase and paltry profits.

Total dollar earnings for the group in 1990 were off by 9% before extraordinary charges, which included some heavy bloodletting in the Men's Wear sector. But that still left the Profile with a respectable 4.2% return on sales. It could have been worse (see Textiles' 2.7%.)

Composite return ratios for the entire group were also off – down four points on equity and two points on invested capital.

Composite figures can mislead because they are heavily weighted by healthy large companies like *VF*, *Fruit of the Loom*, and *Liz Claiborne* – who by themselves accounted for 37% of total sales and 63% of the Profile's dollar profits.

When individual company performances are measured, however, the recession begins to be felt. Of the 45 firms profiled, 27 suffered profit declines last year, and 12 were in the red. Only six of the 27 closed their fiscal years in the first half of 1990, before the recession officially started. The party may be over for apparel. See next year's Profile.

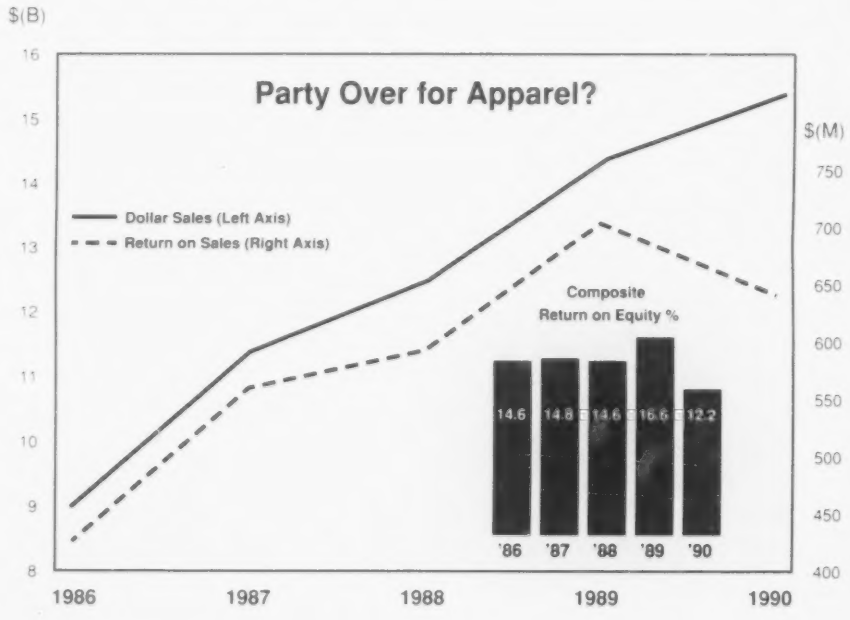
Diversified Dominates.

Most of the big public apparel companies are now diversified; gender specialization means less in comparing financial performances as more companies offer more lines. (Profile classifications now use 75% as a specialization benchmark.)

Leslie Fay is the only non-diversified company among the ten largest, ranking No. 7 with $859 million. *Gitano* jumped from 11th to 8th on the sales list this year, but its profits declined because of retail bankruptcies. *Levi* and *Sara Lee* again head the list, although their sales and profit figures are not part of the Profile composites. (However, *Levi's* 10-K shows it remains a profit leader, with a 5.9% net income.)

Footwear Profile begins on page 5.

The 21 Diversified companies dominated this year's Profile. In total, they gained $949 million over their 1989 sales; the entire Profile went ahead by $945 million. Therein lies a



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Apparel Sales and Earnings*

SALES RANK 1990	SALES RANK 1989	($000)	Sales ($000)	Net Income
1	1	Levi Strauss 11/90-P	4,247,150	251,169
2	2	Sara Lee 06/90-C (1,2,3)	3,756,000	424,000 †
3	3	VF Corp. 12/90-D	2,612,613	81,124
4	4	Liz Claiborne 12/90-D	1,728,868	205,800
5	5	Fruit of the Loom 12/90-D	1,426,800	77,100
6	6	Crystal Brands 12/90-D	868,465	28,893
7	7	Leslie Fay 12/90-W	858,768	29,078
8	11	Gitano 12/90-D	806,586	8,038
9	8	Kellwood Company 04/90-D	779,866	14,025
		10/90	774,230	4,198
10	10	Phillips-Van Heusen Corp. 01/90-D	732,936	24,192
		01/91	806,315	26,384
11	9	Russell Corp. 12/90-D	713,812	67,947
12	12	Hartmarx 11/90-C (1)	579,800	27,800 §
13	13	Oxford Industries 05/90-D	550,434	7,949
		02/91	525,154	4,394
14	15	Salant Corp. 12/90-D	411,680	–43,872
15	19	Marcade Group 01/90-D	377,651	13,419
		10/90	389,752	2,307
16	16	Gerber Products 03/90-C (1)	366,872	14,059 §
17	17	Tultex Corp. 12/90-D	355,117	23,470
18	18	Oshkosh B'Gosh 12/90-W	323,377	29,552
19	20	Bernard Chaus 06/90-W	291,101	1,515
		12/90	257,255	–2,730
20	23	Nike 05/90-C (1)	266,100	+
21	21	Russ Togs 01/90-W	236,951	–5,989
		01/91	217,085	–22,427
22	24	Hampton Industries 12/90-M	166,884	–497
23	35	G-III Apparel Group Ltd. 07/90-W	161,921	9,582
		01/91	91,730	5,058
24	27	Beeba's Creations 08/90-W	158,047	–3,399
		02/91	153,546	–4,078
25	26	Garan 09/90-D	145,337	9,974
		12/90	144,010	9,802
26	30	Oneita Industries 09/90-D	140,386	6,039
		12/90	139,868	5,525
27	22	Farah Manufacturing 10/90-M	139,616	–6,597
		01/91	144,161	–6,080
28	29	Genesco 01/90-C (1)	134,200	16,531 †
29	28	Sanmark-Stardust 06/90-W	124,717	289
		12/90	121,932	203
30	32	Superior Surgical Mfg. 12/90-D	123,002	8,665
31	31	Oak Hill Sportswear Corp. 12/90-W	118,224	–3,572
32	38	State-O-Maine 02/90-M	95,349	5,757
33	36	Andover Togs 11/90-W	94,796	–363
34	40	Quiksilver 10/90-M	91,195	9,517
		01/91	88,991	9,263
35	34	Stage II Apparel Corp. 12/90-M	81,978	–1,159
36	43	Shirt Shed 07/90-D	81,957	4,001
		01/91	87,554	–4,665
37	41	Jaclyn 06/90-A	75,718	2,420
		02/91	61,423	1,241
38	+	Sun Sportswear 12/90-D	71,677	983
39	39	Bayly Corp. 10/90-M	63,076	–9,457
40	42	Aileen 10/90-W	59,584	2,432
41	46	Nutmeg Industries 01/90-D	50,706	293
		01/91	74,211	2,016
42	44	Kleinert's 11/90-W	49,010	741
43	45	Alba-Waldensian 12/90-A	41,852	1,408
44	49	Nantucket Industries 02/90-D	39,764	1,618
		11/90	35,206	760
45	47	ProGroup 09/90-A	39,249	1,308
		12/90	38,246	872
46	33	Munsingwear 12/90-M	38,988	–38,453
47	53	Raven 01/90-C (1)	35,532	3,905 §
		01/91	26,084	2,260 §
48	48	Private Brands 09/90-A	26,954	4
49	50	Medalist 12/90-C (1)	22,261	1,066
50	51	Rocky Mount Undergarment 12/90-D	18,026	–894
51	54	Howard B. Wolf 05/90-W	9,982	310
		02/91	9,798	261
52	55	Techknits 02/90-W	7,842	166
53	56	Littlefield, Adams & Co. 12/90-D	5,809	–556
		Sales Total	24,804,586	

* Where available, quarterly data have been added to show latest 12 months' performance. Where previous year's figures have been restated by a company, they are not reflected in the Profile.

§ Operating earnings † Pre-tax income + Not available

P – Privately owned company filing 10-K report

C – Multi-industry firms or conglomerate divisions. Apparel sales may be estimated and include the following components. (1) Apparel; (2) Hosiery; (3) Associated Fashion Products.

Other classification definitions are listed on page 5.

story or two.

Diversified added two winners this year (*Shirt Shed* and *Oneita*) and gave back one loser (*Munsingwear*) to the men's wear sector. It was helped further by *Gitano, Liz,* and *Nutmeg,* each with sales gains over 20%. In the composite group ratios, Diversified led with a 29.9% gross profit, 10.9% operating earnings, and a 4.9% return on sales – down from 5.8% last year, but still better than the others.

Among the individual firms in the group, *Shirt Shed* ranked number one in the Profile with a 47.6% return on equity, and five other top performers were from Diversified. It also supplied six of the 10 leaders in return on sales.

Only two of the seven companies in Men's Wear earned a profit in 1990 (*Quiksilver* and *State-O-Maine.*) Consumer purchases of all men's garments were flat last year. Worse, however, the group's performance was dogged by expensive write-offs and discontinued operations as *Munsingwear* got rid of its *Vassarette* and *Form O Uth* units, and *Farah* divested *Generra* (and was distracted by a proxy fight.) Dollar losses for Men's Wear were $18 million, and another $22.8 million in extraordinary charges brought its composite bottom line to –6% of sales. *Bayly* (in Chapter 11) and *Hampton Industries* ran into serious problems last year when their large chain customers cut back on private label.

The combined sales gain for Women's Wear over 1989 was $174 million (7.5%), just about equal to Men's Wear's sales decline. However, dollar profits for the 13 women's and

Noteworthy Performances

Return on Total Equity

	1990 %	1986-90 %	1986-90 Rank
1 Shirt Shed	47.61	—	—
2 Quiksilver	30.13	—	—
3 G-III Apparel	29.66	—	—
4 Liz Claiborne	28.86	28.54	1
5 Phillips Van-Heusen	20.35	17.48	5
6 Oshkosh B'Gosh	19.55	24.86	3
7 Fruit of the Loom	18.45	15.10	10
8 Superior Surgical	18.17	15.01	11
9 Tultex	15.91	15.74	9
10 Leslie Fay	15.50	16.85	6
Profile:	**12.19**		

Return on Sales

(Before extraordinary items)

	1990 %	1986-90 %	1986-90 Rank
1 Liz Claiborne	11.90	11.01	1
2 Quiksilver	10.44	—	—
3 Russell	9.52	9.69	3
4 Oshkosh B'Gosh	9.14	9.91	2
5 Superior Surgical	7.04	5.73	8
6 Garan	6.86	4.77	9
7 Tultex	6.61	6.03	7
8 State-O-Maine	6.04	6.50	4
9 G-III Apparel	5.92	—	—
10 Fruit of the Loom	5.40	4.05	12
Profile:	**4.17**		

children's specialists in the sector were off 11%, due mainly to a jump in SG&A (close to 20% of sales) and a drop in gross profit. The group earned a composite 2.7% on sales before write-offs of $6.4 million. Return on equity slid to 9.3% from 13% the year before (in 1986, the same companies returned 21.4% on equity.)

The two best sales gains among women's wear firms last year were turned in by *G-III* and *Beeba's Creations*, but with distinctly different results. The former, a specialist in importing moderately priced leather apparel for women from over 40 different contractors, increased its sales by 63% to $162 million in 1990. Its profits rose by 61%, yielding an ROE just shy of 30% (third highest in the Profile.) *Beeba* started its fiscal year with a bang, but ran into a cold spring, an inventory backup, and some retail bankruptcies. When *Campeau* and *Ames* filed for Chapter 11, *Beeba's* bad debts rose by $1.5 million. Despite its 23% sales gain, the company's gross profits dipped, interest costs skyrocketed, and return on sales dropped by 85%. An extraordinary charge of $4 million put *Beeba's* bottom line into the red by $3.4 million.

Thus, some (not all) apparel companies' financial performances last year were severely impacted by the turmoil in retailing, and that is likely to continue for awhile. *G-III* found safety in numbers; it serves 2,000 customers across a wide range of retail outlets. *Beeba's* strategy – to concentrate on a few large, key accounts – backfired in 1990.

One of the four firms in Associated Fashion Products – *Private Brands* – had a poor year in 1990, and dragged the group down with it. Both its jewelry (two-thirds of sales) and private label knitwear lines declined by 23% last year, leaving *Private Brands* with a 0.01% profit. *Jaclyn* improved its earnings by 33% on a 13.5% rise in sales.

Individual Performances.

The median sales volume for the 45 companies in this year's Profile was $124.7 million, $8 million higher than last year. But increasing sales seems a lot easier than maintaining or improving other elements of financial performance. As expected, and highlighted below, the median return ratios for the fiscal 1990 Profile were down from last year.

Median Performances – 1990 vs. 1989

	1990 (45 firms)	1989 (47 firms)
Sales (000)	$124,717	$117,808
% Return on Sales	2.2%	3.2%
% Return on Equity	6.15%	9.2%

As always, medians provide an unweighted and therefore more accurate picture of individual company performances. In addition to the top performances cited above, the rankings table on page 4 highlights other leading ratios. With not much to speak of in the way of inventories and fixed assets, *Quiksilver* ranked Number One in return on total assets (26.6%), return on net operating assets (54.9%), and return on invested capital (30.1%). It also had a low 0.12 debt/asset ratio.

Aileen placed first in gross profit, with 41.2%, and *Bernard Chaus* had the fastest inventory turns (12.8x). Unfortunately, the high risks of the women's fashion business took their toll in other aspects of these two companies' financial ratios. The highest operating earnings (21%) were recorded by *Fruit of the Loom*.

In addition to its leading 11.9% return on sales, *Liz Claiborne*, a perennial top performer since she joined KSA's Profile 10 years ago, had seven top-five rankings in 1990. Apparently age cannot wither her, nor custom stale her infinite variety.

In summary, fiscal 1990 interrupted recent growth for apparel. The industry began to show the effects of the recession last year, and its figures will probably be worse in fiscal 1991. A shifting, uncertain retail market doesn't help. In this setting, the likely winners will be those companies offering dominant brands, responsive service, competitive values, and – always – superior execution of their strategies, whatever they may be.

Apparel Performance Profile — Fiscal 1990

COMPANY	RETURN ON SALES %	90	89	RETURN ON TOTAL EQUITY %	90	89	TOTAL DEBT TO ASSETS	90	89	RETURN ON TOTAL ASSETS %	90	89	RETURN ON NET OPERATING ASSETS %	90	89	GROSS PROFIT %	90	89	OPERATING EARNINGS %	90	89	INVENTORY TURNS	90	89	RETURN ON INVESTED CAPITAL %	90	89
AILEEN 10/90-W	4.08	13	41	11.73	15	40	0.22	41	30	9.15	8	40	6.90	30	44	41.20	1	8	2.66	31	45	2.43	40	41	11.70	8	40
ALBA-WALDENSIAN 12/90-A	3.36	16	20	6.15	22	29	0.20	43	38	4.91	18	23	7.81	27	30	19.80	32	36	4.63	24	26	3.66	19	16	5.92	17	25
ANDOVER TOGS 11/90-W	-0.38	33	34	-2.25	33	32	0.69	9	11	-0.71	33	33	6.27	32	29	20.50	29	32	2.66	31	32	3.69	18	20	-1.33	33	32
BAYLY CORPORATION 10/90-M	-18.64	+	40	0.00	+	#	1.03	3	1	-37.29	+	41	-51.19	45	45	21.81	25	30	-14.53	44	44	3.29	24	21	0.00	+	41
BEEBA'S CREATIONS 08/90-W	0.38	++	24	-9.08	++	23	0.41	26	42	-5.35	++	16	-0.24	37	23	20.74	27	24	-0.07	36	28	5.46	6	8	-9.08	++	19
BERNARD CHAUS INC 06/90-W	0.52	29	37	2.96	27	37	0.37	29	29	1.85	25	37	6.47	31	41	19.73	33	43	1.46	34	41	12.83	1	2	2.30	27	37
CRYSTAL BRANDS 12/90-D	3.33	17	26	10.85	16	28	0.61	13	14	4.20	20	32	22.94	10	13	34.10	6	5	9.72	11	12	2.51	36	43	5.72	21	33
FARAH MANUFACTURING 10/90-M	-4.73	36	39	-12.72	36	39	0.57	15	21	-5.52	36	39	-22.47	44	43	17.30	39	29	-12.42	43	43	2.36	41	34	-11.37	36	39
FRUIT OF THE LOOM 12/90-D	5.40	10	15	18.45	7	10	0.81	5	5	3.58	22	30	29.60	3	5	33.76	7	14	21.05	1	1	2.76	31	24	5.38	22	29
GARAN INC 09/90-D	6.86	6	11	14.06	13	19	0.27	36	36	10.27	7	9	18.54	14	21	25.82	19	23	9.85	10	16	4.14	14	10	12.89	7	10
G-III APPAREL GROUP LTD 07/90-W	5.92	9	12	29.66	3	1	0.53	19	4	14.01	4	5	28.41	4	3	17.44	38	39	11.04	8	10	6.97	3	1	28.79	2	1
THE GITANO GROUP, INC. 12/90-D	1.00	27	16	4.08	26	9	0.56	17	8	1.79	27	18	9.87	24	18	23.69	22	17	4.06	26	14	2.89	29	42	2.50	26	13
HAMPTON INDUSTRIES INC 12/90-M	-0.30	32	30	-0.94	32	33	0.42	24	26	-0.54	32	31	3.92	34	32	16.85	41	38	1.90	33	30	3.35	22	23	-0.65	32	31
JACLYN INC 06/90-A	3.20	20	27	10.69	17	26	0.31	31	32	7.40	13	22	11.98	20	37	28.13	15	16	4.12	25	37	8.74	2	3	10.57	10	22
KELLWOOD COMPANY 04/90-D	1.60	23	17	7.12	20	13	0.58	14	16	2.99	23	17	11.20	21	15	17.58	37	33	3.93	27	21	4.09	15	13	4.32	23	12
KLEINERT'S 11/90-W	1.51	24	29	4.82	24	24	0.62	11	20	1.81	26	27	9.19	26	27	15.31	43	44	6.15	22	22	2.51	36	32	3.27	25	24
THE LESLIE FAY COMPANIES 12/90-W	3.39	15	21	15.50	10	17	0.57	15	15	6.63	15	19	24.46	9	8	31.04	13	13	7.87	17	19	4.40	11	9	9.20	15	21
LITTLEFIELD, ADAMS & CO 12/90-D	-5.59	++	38	-68.47	++	38	0.74	7	11	-17.53	++	38	-3.80	40	39	23.27	23	22	-1.34	39	39	3.64	20	29	-44.55	++	38
LIZ CLAIBORNE, INC 12/90-D	11.90	1	2	28.86	4	8	0.28	35	37	20.90	2	3	40.28	2	4	40.38	2	2	17.64	3	3	4.44	10	11	28.26	3	4
THE MARCADE GROUP, INC. 01/90-D	2.21	+	30	22.21	+	14	0.72	8	9	6.18	+	24	26.17	6	12	23.98	21	25	8.35	15	18	4.56	9	13	9.23	+	26
MUNSINGWEAR 12/90-M	-34.30	++	+	0.00	++	+	3.38	1	2	-229.98	++	+	0.00	36	42	17.24	40	20	-17.89	45	42	2.58	35	30	0.00	++	+
NANTUCKET INDUSTRIES 02/90-D	4.07	14	++	12.60	14	++	0.38	27	25	7.85	10	++	20.32	13	31	26.40	16	31	8.64	13	27	2.82	30	37	9.61	13	++
NUTMEG INDUSTRIES 01/90-D	0.35	30	6	1.06	30	4	0.37	29	9	0.66	29	8	10.19	23	11	33.74	8	1	7.96	16	6	1.56	45	45	0.78	29	7
OAK HILL SPORTSWEAR CORP. 12/90-W	-0.48	++	36	-26.69	++	36	0.62	11	16	-10.03	++	36	-2.77	39	34	21.37	26	27	-0.56	38	38	5.77	5	4	-22.93	++	36
ONEITA INDUSTRIES INC 09/90-D	4.30	12	23	10.37	18	29	0.48	23	27	5.39	16	28	14.98	18	24	19.55	35	41	8.36	14	20	3.35	22	25	6.57	16	30
OSHKOSH B'GOSH 12/90-W	9.14	4	1	19.55	6	6	0.20	43	41	15.64	3	2	28.00	5	2	31.74	11	6	14.25	5	2	2.45	39	38	19.11	4	3
OXFORD INDUSTRIES 05/90-D	1.44	25	32	7.67	19	25	0.50	21	22	3.81	21	26	10.67	22	26	19.32	36	34	2.97	30	36	4.90	7	7	5.86	18	28
PHILLIPS-VAN HEUSEN CORP 01/90-D	3.30	19	22	20.35	5	12	0.64	10	11	7.26	14	20	21.60	12	16	32.90	10	12	7.14	19	23	2.70	33	35	10.18	12	20
PRIVATE BRANDS, INC. 09/90-A	0.01	31	28	0.04	31	27	0.49	22	23	0.02	31	29	2.09	35	28	8.10	45	45	1.43	35	24	2.27	42	33	0.04	31	23
PROGROUP INC 09/90-A	3.33	17	13	6.37	21	22	0.21	42	42	5.05	17	12	9.30	25	22	26.22	17	9	5.26	23	15	4.17	13	22	5.85	19	15
QUIKSILVER 10/90-M	10.44	2	3	30.13	2	3	0.12	45	42	26.61	1	1	54.95	1	1	39.80	4	3	17.34	4	5	5.98	4	6	30.13	1	2
ROCKY MOUNT UNDERGARMENT CO 12/90-D	-4.96	37	+	-13.26	37	+	0.24	40	40	-10.07	37	+	-17.02	43	40	12.76	44	40	-6.92	42	40	3.16	26	25	-12.62	37	+
RUSS TOGS 01/90-W	-3.18	35	35	-6.53	35	35	0.25	38	32	-4.90	35	35	-10.79	42	35	15.48	42	35	-4.31	41	35	2.71	32	36	-6.13	35	35
RUSSELL CORPORATION 12/90-D	9.52	3	4	14.71	12	18	0.42	24	27	8.55	9	11	17.95	15	17	35.38	5	7	17.69	2	4	3.27	25	12	10.40	11	16
SALANT CORPORATION 12/90-D	7.23	++	++	0.00	++	++	1.09	2	3	-15.22	++	++	-8.20	41	25	19.92	31	19	-3.17	40	31	2.99	27	28	0.00	++	++
SANMARK-STARDUST INC 06/90-W	0.99	28	19	1.79	29	7	0.80	6	7	0.36	30	21	12.79	19	20	25.95	18	21	6.52	21	17	1.84	44	44	0.65	30	17
THE SHIRT SHED, INC 07/90-D	4.88	11	18	47.61	1	2	0.84	4	6	7.50	12	13	15.43	17	19	22.63	24	37	7.85	18	25	3.78	17	15	9.46	14	14
STAGE II APPAREL CORP. 12/90-M	-1.41	34	25	-5.20	34	20	0.29	34	31	-3.71	34	15	-1.21	38	6	20.70	28	28	0.29	37	28	4.35	12	19	-5.20	34	9
STATE-O-MAINE 02/90-M	6.04	8	7	14.93	11	15	0.27	36	45	10.86	6	6	24.61	8	7	40.00	3	4	10.91	9	8	4.77	8	5	14.72	6	6
SUN SPORTSWEAR, INC. 12/90-D	1.37	26	5	4.42	25	5	0.38	27	23	2.74	24	4	7.17	28	9	20.47	30	26	3.07	29	13	2.70	33	27	3.75	24	5
SUPERIOR SURGICAL MFG 12/90-D	7.04	5	10	18.17	8	16	0.31	31	32	12.52	5	7	25.75	7	14	33.08	9	10	12.06	7	11	2.48	38	39	15.30	5	8
TECHKNITS, INC. 02/90-W	2.12	22	9	2.16	28	31	0.30	33	35	1.51	28	25	5.46	33	33	19.56	34	18	7.06	20	7	2.01	43	40	2.08	28	27
TULTEX CORPORATION 12/90-D	6.61	7	33	15.91	9	34	0.51	20	19	7.74	11	34	16.08	16	38	24.96	20	42	12.32	6	34	3.46	21	17	10.85	9	34
VF CORPORATION 12/90-D	4.72	++	8	9.81	++	11	0.55	18	16	4.38	++	10	21.97	11	10	29.10	14	15	9.55	12	9	3.92	16	18	5.75	++	11
HOWARD B WOLF, INC 05/90-W	3.11	21	14	6.15	22	21	0.25	38	39	4.60	19	14	7.09	29	36	31.14	12	11	3.78	28	33	2.98	28	31	5.73	20	18

Footwear Performance Profile — Fiscal 1990

COMPANY	RETURN ON SALES %	90	89	RETURN ON TOTAL EQUITY %	90	89	TOTAL DEBT TO ASSETS	90	89	RETURN ON TOTAL ASSETS %	90	89	RETURN ON NET OPERATING ASSETS %	90	89	GROSS PROFIT %	90	89	OPERATING EARNINGS %	90	89	INVENTORY TURNS	90	89	RETURN ON INVESTED CAPITAL %	90	89
J BAKER INC 01/91-R-D	1.75	13	11	8.02	11	8	0.67	2	3	2.61	12	11	13.60	9	7	36.93	6	5	5.12	12	9	1.80	18	16	3.90	12	10
R G BARRY CORP 12/90-M	-1.76	++	12	-28.33	++	11	0.56	4	8	-12.60	++	10	-8.06	19	10	33.40	11	4	-3.02	19	11	3.57	9	6	-17.88	++	11
BROWN GROUP INC 01/91-R-D	1.80	12	15	9.45	9	12	0.54	5	4	4.31	11	12	12.60	11	12	18.06	4	7	3.55	14	17	3.14	10	10	6.84	9	12
DANIEL GREEN COMPANY 12/90-M	-1.57	16	16	-3.14	15	17	0.46	8	5	-1.70	15	18	2.20	18	18	23.10	16	14	1.76	17	13	1.69	20	20	-3.10	15	17
GENESCO 01/91-R-D	0.27	14	10	-0.27	14	10	0.41	12	9	-0.16	14	9	3.87	16	13	35.84	8	6	1.59	18	14	2.47	14	13	-0.22	14	9
HYDE ATHLETIC INDUSTRIES 12/90-A	2.94	++	+	2.25	++	+	0.43	9	10	1.28	++	+	3.08	17	19	25.51	14	15	2.34	15	19	2.08	16	17	1.49	++	+
JUSTIN INDUSTRIES, INC 12/90-M	2.32	11	13	6.56	13	15	0.62	3	6	2.49	13	15	7.37	14	15	29.70	13	13	5.54	11	12	2.27	15	14	3.09	13	16
K-SWISS 12/90-A	7.39	5	6	20.06	3	1	0.47	7	1	10.57	5	8	30.12	5	6	37.68	5	9	16.60	3	2	1.78	19	19	14.52	6	4
L A GEAR 11/91-A	3.47	9	4	15.22	6	2	0.43	9	12	8.61	7	1	23.46	6	1	34.41	10	2	7.75	7	3	3.94	7	9	15.22	5	1
MCRAE INDUSTRIES INC 07/90-M	6.24	6	7	17.47	5	7	0.30	14	16	12.23	4	6	31.76	3	5	25.00	15	16	10.71	5	7	6.66	1	3	17.16	3	7
NIKE INC 05/90-A	10.87	1	2	30.97	1	3	0.28	16	15	22.20	1	2	49.88	1	2	38.08	3	8	17.74	1	4	5.20	4	4	29.98	1	2
PENOBSCOT SHOE COMPANY 11/90-M	-3.53	17	19	-5.27	16	19	0.11	20	20	-4.69	17	19	-16.31	20	20	20.53	17	16	-11.09	20	20	4.90	5	7	-5.27	16	19
REEBOK INTERNATIONAL LTD 12/90-A	8.18	3	3	17.72	4	5	0.29	15	17	12.59	3	5	30.94	4	4	39.61	2	3	13.85	4	5	4.05	6	8	16.02	4	6
THE STRIDE RITE CORP 11/90-M	10.77	2	1	30.62	2	4	0.32	13	14	20.88	2	3	43.28	2	3	42.79	1	1	17.32	2	1	2.69	12	15	29.80	2	3
SUAVE SHOE CORPORATION 09/90-M	2.45	10	18	6.82	12	18	0.26	17	12	5.03	9	17	16.73	8	17	16.72	19	20	7.15	8	18	6.16	3	2	5.99	10	18
THE TIMBERLAND COMPANY 12/90-M	4.00	8	9	9.17	10	13	0.50	6	7	4.62	10	13	12.74	10	11	36.02	7	10	8.45	6	8	1.95	17	18	5.92	11	13
B B WALKER COMPANY 10/90-M	-1.13	15	17	-8.82	17	14	0.78	1	2	-1.97	16	16	5.27	15	14	20.03	18	18	2.19	16	15	2.64	13	12	-5.79	17	14
WELLCO ENTERPRISES 06/90-M	7.41	4	5	10.41	8	6	0.20	18	19	8.31	8	4	9.09	13	8	14.91	20	19	6.79	10	6	6.58	2	1	10.41	8	5
WEYCO GROUP INC. 12/90-M	4.41	7	8	12.49	7	9	0.17	19	17	10.37	6	7	19.68	7	9	34.43	9	11	6.82	9	10	3.76	8	5	12.49	7	8
WOLVERINE WORLD WIDE INC 12/90-M	3.25	++	14	-5.32	++	16	0.43	9	11	-3.01	++	14	9.51	12	16	30.24	12	12	3.91	13	16	3.10	11	11	-4.03	++	15

+ Extraordinary gains exceed 1% of net sales; unranked.
++Extraordinary losses exceed 1% of net sales; unranked.
ROE not calculated because of negative equity and negative earnings.

Return on Net Operating Assets provides another measure of operating performance by dividing Operating Earnings by Current Assets minus Accounts Payable and Other Current Liabilities, plus Net Fixed Assets.

Apparel Classifications

Public companies deriving at least half of their total sales volumes from manufacturing and/or marketing of apparel or associated personal consumer products are included in the full data analysis.

These firms have been classified M (75% Men's and Boys' Apparel), W (75% Women's and Children's Apparel), D (Diversified, with no sector accounting for 75%), or A (Associated Fashion Products — companies whose sales may include some apparel along with related products such as hosiery, gloves, headwear, leather products, jewelry, sporting goods, and the like). A separate category —C— covers divisions of conglomerates or multi-product companies that do a significant amount of business in apparel, although more than half of their sales is in retailing, footwear or unrelated products. The apparel sales volumes of these companies, and some indication of their earnings performances, where available, are included in the Sales & Earnings table on page 2. However, their financial data have not been tabulated in the Profile.

Footwear Classifications

Manufacturing/Sourcing (M) includes companies deriving 50% or more of their sales from footwear manufacturing or importing.

Athletic (A) includes companies that meet the above definition, but specialize in athletic footwear.

Retailing/Diversified (R/D) includes companies primarily engaged in footwear, although they may also derive some of their sales from other product categories. These companies manufacture, import, or retail footwear.

Conglomerates (C) are companies whose footwear volume, from either manufacturing or retailing, is significant but represents less than 50% of their sales. Only their sales and operating earnings appear in the Profile.

Apparel Industry Sector Results and Top Performers

Industry Sectors and Top Performers*	No. of Firms Reported	Sales ($000)	Net Income ($000)	Return on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Return on Net Operating Assets %	Gross Profit %	Oper. Earn. %	Inv. Turns	Return on Invested Capital %
Women's & Children's Wear (W)												
G-III Apparel		161,921	9,582	5.92	29.66	.53	14.01	28.41	17.44	11.04	6.97	28.79
1990	13	2,494,320	60,342	2.68	9.34	.47	4.96	15.45	25.58	5.65	3.85	7.11
1989 (FY '89 Profile: 14)	13	2,320,413	75,613	3.24	12.98	.48	6.71	20.61	26.26	7.26	3.79	9.62
Men's & Boys' Wear (M)												
Quiksilver		91,195	9,517	10.44	30.13	.12	26.61	54.95	39.80	17.34	5.98	30.13
1990	7	677,086	-40,889	-2.67	-26.07	.58	-10.96	-1.62	24.24	-0.64	3.33	-21.82
1989 (FY '89 Profile: 8)	7	851,959	-13,746	-1.75	-7.29	.57	-3.15	5.68	25.27	2.00	3.36	-4.93
Associated Fashion Products (A)												
Jaclyn		75,718	2,420	3.20	10.69	.31	7.40	11.98	28.13	4.12	8.74	10.57
1990	4	183,773	5,140	2.80	6.70	.29	4.76	8.20	22.89	4.09	4.26	6.45
1989 (FY '89 Profile: 5)	4	186,913	6,598	3.53	8.89	.31	6.10	11.73	24.15	5.70	4.13	8.62
Diversified (D)												
Shirt Shed		81,957	4,001	4.88	47.61	.84	7.50	15.43	22.63	7.85	3.78	9.46
1990	21	12,041,492	538,208	4.88	14.40	.59	5.86	22.36	29.86	10.92	3.41	8.36
1989 (FY '89 Profile: 20)	21	11,092,755	628,690	5.76	18.78	.61	7.30	24.66	30.10	11.97	3.50	10.09
Industry Totals												
1990	45	15,396,671	562,801	4.17	12.19	.58	5.17	20.40	28.84	9.48	3.48	7.45
1989	45	14,452,040	697,155	4.88	16.62	.59	6.78	23.12	29.12	10.55	3.54	9.46

*Top performers had best return on total equity ranking in each sector.

Disclaimer

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission.

Information presented herein is based solely on publicly-available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.

Footwear Industry Sector Results

Industry Sectors and Top Performers	No. of Firms Reported	Sales ($000)	Net Income ($000)	Return on Sales %	Return on total Equity %	Total Debt to Assets	Return on Total Assets %	Return on Net Operating Assets	Gross Profit %	Oper. Earn. %	Inv. Turns	Return on Invested Capital %
Manufacturing/Sourcing (M)												
1990	12	1,803,726	68,874	4.99	10.74	.45	5.92	17.04	33.75	8.45	2.78	7.88
1989 (FY '89 Profile: 15)	12	1,698,349	82,069	4.85	13.32	.41	7.81	18.38	34.00	8.78	2.81	10.52
Athletic Footwear (A)												
1990	5	5,451,984	458,758	8.43	22.37	.31	15.40	36.31	37.94	14.36	4.27	20.76
1989 (FY '89 Profile: 5)	5	4,276,628	402,087	9.38	24.98	.32	17.05	42.36	39.06	15.85	4.01	22.54
Retail/Diversified (R/D)												
1990	3	2,661,551	38,760	1.52	6.71	.55	3.05	10.77	37.48	3.45	2.69	4.64
1989 (FY '89 Profile: 4)	3	2,712,025	65,847	2.32	11.42	.53	5.35	13.80	37.69	4.32	2.99	8.05
Industry Totals												
1990	20	9,917,261	566,392	5.95	17.32	.40	10.46	26.32	37.06	10.36	3.39	14.45
1989	20	8,687,002	550,003	6.29	19.62	.40	11.86	28.96	37.64	10.87	3.36	16.26

Footwear Profile

Profile's 20 public firms manage small profit gain as sales growth slows; brightest outlook overseas

Galloping sales growth for the public footwear companies slowed to a trot last year, while dollar profits made a modest gain in the face of recessionary consumer spending. Sales for the group climbed 14% over 1989 (compared with 20% and 24% gains the previous two years), and profits were up 8%. That left the Profile with a 6% return on sales – second highest since 1986.

Nike and *Reebok* accounted for about 70% of these dollar gains, however. Taken one by one, the rest of the public footwear companies did not do as well as the total Profile. Of the 20 companies in it this year, seven had lower sales in 1990, and 14 earned less profit. Six of the 20 lost money, five of them from the manufacturing/sourcing group. Only four firms improved their ROE, while the Profile composite slid two points (to a still respectable 17.3%).

The industry down trend followed the recession. Weakness in the fourth quarter tarnished many company results for all of fiscal 1990, and many report continued weakness in 1991.

"High Fives" for Athletic.

The five athletic footwear firms accounted for 55% of the Profile's sales and 81% of its net income. New growth in the sector is expected overseas. *Reebok's* international sales surged 86% while its US sales advanced 9%. *Hyde Athletic's Saucony* brand was up 40% overseas while remaining flat at home. *Woolworth* expanded its European *Foot Locker* stores by nearly 50% last year. Another growth area for the five sports brands is apparel; *Nike's* apparel sales of $266 million ranked it 20th in that Profile.

Weakness in Manufacturing.

On a 6% sales gain over 1989 (their lowest in five years), the 12 manufacturer/sourcing companies managed a 9% profit increase before extraordinary items. This gave the group its highest ROS (5% of sales) since 1986. While the group had more than its share of losers, *Suave* recovered nicely from two poor years, and *Stride-Rite* excelled as a top performer with seven top-five finishes. (*Reebok* also had seven, while *Nike* had eight.) Profiles rarely show three companies with such consistently outstanding performances in the same year.

Footwear retailing is poorly represented in the Profile because of classification conflicts. Non-retail activities at *Genesco* and *Brown Group* represent more than half of their volume. The latter is making slow progress in reshaping itself. *J. Baker*, the "purest" footwear retailer in the group, lost over 200 licensed departments when *Ames* went bankrupt. Its profits suffered a $5.7 million drop.

Footwear companies had a tough time in 1990. Rising costs and a slowdown in consumer spending put them into a squeeze. Relief will come through an early recovery – and the companies most ready to provide responsive service and competitive value will benefit first.

Footwear Sales and Earnings*

SALES RANK 1990	1989	Company	Sales ($000)	Net Income ($000)
1	1	Woolworth 01/91-C	3,184,000	293,000
2	4	Nike 05/90-A	2,235,244	242,958
		02/91	2,893,665	295,625
3	2	Reebok International 12/90-A	2,159,243	176,606
4	3	Brown Group 01/91-R/D	1,763,767	31,775
5	5	Melville Corp. 12/90-C	1,714,433	145,079 §
6	6	May Dept. Stores Co. 01/91-C	1,366,000	161,000 §
7	11	Edison Bros. Stores 01/91-C	1,253,600	59,000
8	9	L.A. Gear 11/91-A	902,225	31,338
9	8	U.S. Shoe 01/91-C	802,900	–13,900 §
10	12	The Stride Rite Corp. 11/90-M	515,842	55,541
		02/91	531,468	58,116
11	10	Genesco 01/91-R/D	476,342	–406
12	13	J. Baker 01/91-R/D	421,442	7,391
13	14	Wolverine World Wide 12/90-M	322,170	–5,721
14	15	Justin Industries 12/90-M	314,934	7,293
15	16	Phillips-Van Heusen 01/91-C	269,963	25,394 §
16	17	The Timberland Company 12/90-M	196,319	7,854
17	18	Weyco Group 12/90-M	148,495	6,549
18	19	R.G. Barry Corp. 12/90-M	108,929	–7,044
19	22	K-Swiss 12/90-A	97,969	7,244
20	20	Suave Shoe Corp. 09/90-M	62,110	1,779
		03/91	55,269	–459
21	23	Hyde Athletic Industries 12/90-A	57,303	612
22	24	B.B. Walker Company 10/90-M	44,028	–498
		01/91	43,311	–458
23	26	McRae Industries 07/90-M	38,457	2,401
24	27	Wellco Enterprises 06/90-M	20,199	1,496
		12/90	18,200	1,271
25	29	Daniel Green Company 12/90-M	18,464	–290
26	30	Penobscot Shoe Company 11/90-M	13,779	–486
		Sales Total	$18,508,157	

§ Operating earnings

* Where available, quarterly data have been added to show latest 12 months' performance. Where previous year's figures have been restated by a company, they are not reflected in the Profile.

Percent figure is footwear portion of total sales for conglomerates.

Composite Profit and Loss Data — Apparel Industry

FISCAL PERIOD ENDING	1990		1989		1988		1987		1986	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
Net Sales	15396671	100.00	14452040	100.00	12549944	100.00	11380723	100.00	9076944	100.00
-Cost of Goods Sold	10956663	71.16	10243064	70.88	9026311	71.92	8044342	70.68	6325957	69.69
Gross Profit	4440008	28.84	4208976	29.12	3523633	28.08	3336381	29.32	2750987	30.31
-Sell. Gen. & Admin	2980484	19.36	2684894	18.58	2346814	18.70	2050662	18.02	1651615	18.20
Operating Earnings	1459524	9.48	1524082	10.55	1176819	9.38	1285719	11.30	1099372	12.11
-Interest Expense	422526	2.74	401847	2.78	298636	2.38	254843	2.24	234142	2.58
Misc. Inc. or Exp.	33254	0.22	34258	0.24	44204	0.35	4532	0.04	-5133	-0.06
Income Before Tax	1070252	6.95	1156493	8.00	922387	7.35	1035408	9.10	860097	9.48
- Income Tax	428343	2.78	451136	3.12	327867	2.61	474187	4.17	432551	4.77
Income After Tax	641909	4.17	705357	4.88	594520	4.74	561221	4.93	427546	4.71
Extraordinary Item	-79108	-0.51	-8202	-0.06	-11190	-0.09	-32703	-0.29	9158	0.10
Net Income	562801	3.66	697155	4.82	583330	4.65	528518	4.64	436704	4.81

Composite Profit and Loss Data — Footwear Industry

FISCAL PERIOD ENDING	1990		1989		1988		1987		1986	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
Net Sales	9917261	100.00	8687002	100.00	7251358	100.00	5857573	100.00	5257450	100.00
-Cost of Goods Sold	6242409	62.94	5416995	62.36	4655752	64.21	3654196	62.38	3261914	62.04
Gross Profit	3674852	37.06	3270007	37.64	2595606	35.79	2203377	37.62	1995536	37.96
-Sell. Gen. & Admin	2647671	26.70	2325998	26.78	1924227	26.54	1609957	27.49	1423513	27.08
Operating Earnings	1027181	10.36	944009	10.87	671379	9.26	593420	10.13	572023	10.88
-Interest Expense	97280	0.98	95986	1.10	77166	1.06	49691	0.85	58821	1.12
Misc. Inc. or Exp.	20584	0.21	31005	0.36	19267	0.27	32852	0.56	17394	0.33
Income Before Tax	950485	9.58	879028	10.12	613480	8.46	576581	9.84	530596	10.09
- Income Tax	360262	3.63	332502	3.83	235189	3.24	255873	4.37	257834	4.90
Income After Tax	590223	5.95	546526	6.29	378291	5.22	320708	5.48	272762	5.19
Extraordinary Item	-23831	-0.24	3477	0.04	-16204	-0.22	8350	0.14	16346	0.31
Net Income	566392	5.71	550003	6.33	362087	4.99	329058	5.62	289108	5.50

The Complete Profile

Full print-outs of the Apparel and Footwear Profiles covering fiscal years ending 1986 through 1990 are available for in-depth comparisons and study.

For each of the companies, as well as the industry segment composites and the total industry aggregate, the reports contain a full financial statement, a balance sheet, and a comprehensive list of ratios.

They are available from KSA at a cost of $400 each.

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